

Complaint

Mr K has complained about the overdraft fees and interest The Royal Bank of Scotland Plc (“RBS”) applied to his current account. He’s said at the time his income was made up solely from benefits and the interest, fees and charges added caused him financial hardship.

Background

Mr K complained to RBS in April 2019. RBS didn’t agree with Mr K’s complaint. It said Mr K complained too late. Mr K was dissatisfied at this response and asked us to look at his case.

Mr K’s complaint was then looked at by one of our investigators. While she didn’t agree Mr K complained too late, she didn’t think that RBS had done anything wrong as Mr K hadn’t said he was in financial difficulty and RBS had in any event refunded some of the fees. So she didn’t recommend the complaint be upheld. Mr K disagreed with the investigator and asked for an ombudsman’s decision.

My findings

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having carefully considered everything provided, I’ve decided not to uphold Mr K’s complaint. I’ll explain why I’ve done so in a little more detail.

Before I go any further, I want to be clear in saying that I haven’t considered whether the various amounts RBS charged over the years were fair and reasonable, or proportionate in comparison to the costs of the service provided. Ultimately how much a bank charges for services is a commercial decision. And it isn’t something for me to get involved with.

That said, while I’m not looking at RBS’ charging structure per se, it won’t have acted fairly and reasonably towards Mr K if it applied these interest, fees and charges to Mr K’s account in circumstances where it was aware, or it ought fairly and reasonably to have been aware Mr K was experiencing financial difficulty. So I’ve considered whether there were instances where RBS didn’t treat Mr K fairly and reasonably.

In other words, I’ve considered whether there were periods where RBS continued charging Mr K even though it knew he was in financial difficulty or it ought to have realised this was the case.

I think it’s important for me to start by saying that RBS did refund a large proportion of the interest, fees and charges it added to Mr K’s overdraft. Given what Mr K has said about telling RBS he was in difficulty, I assume that RBS did this in response to what it was told by Mr K when he got in touch at the respective times. So it seems to me that RBS did treat Mr K fairly when it was notified of his financial difficulty and gave him breathing space.

I've also considered whether RBS should refund any of the other interest, fees and charges that it added to Mr K's overdraft.

Mr K has said that his income was made up solely from benefits which he was receiving at a low rate. I've thought about what Mr K has said. It's possible Mr K's circumstances might have changed after the period I've looked at. But having looked at transactions on Mr K's account, which was closed in 2011, I can clearly see that Mr K was receiving a salary as well as working tax credit into his account. So I'm satisfied that Mr K's income wasn't made up solely from benefits at the time of these interest, fees and charges.

I've also looked through Mr K's statements throughout the period concerned I can't see that RBS ought to have been aware that Mr K might have been struggling during the period he hasn't been refunded interest, fees and charges for either. Mr K may argue his regular use of his overdraft was in itself an indication that he was struggling.

But it's fair to say that there were periods when Mr K's account balance was in credit. And while I'm not seeking to make retrospective value judgements over Mr K expenditure, nonetheless there are significant amounts of non-committed, non-contractual and discretionary transactions as well as cash withdrawals from the account too. Equally the amount being credited to Mr K's account each month didn't indicate that there was no reasonable prospect of him seeing a credit balance at any stage either.

I accept neither of these things in themselves (or taken together) mean that Mr K wasn't experiencing financial difficulty. But there isn't anything in these transactions in themselves which ought to have alerted RBS to potential financial difficulty. So, in these circumstances and in the absence of being told anything by Mr K, I don't think that it was unreasonable for RBS to proceed with the interest, fees and charges it didn't refund. And I don't think RBS unfairly charged Mr K in circumstances where it ought to have realised that he may have been experiencing financial difficulty.

As this is the case, I don't think that it needs to refund any of the other interest, fees and charges and I'm not upholding Mr K's complaint. I appreciate that this will be very disappointing for Mr K. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 16 March 2021.

Raquel Abrunho
Ombudsman